

FOR ACTION

I. REQUEST

Approve: (1) Resolution No. 141, Which Amends Resolution No. 095 by Increasing the Intended Issuance Amount of the Revenue Bonds; and (2) a Request from the Developer to Increase the Low Income Housing Tax Credit Reservation for the Kaiaulu O Waikoloa Project Located in Kailua-Kona, Hawaii, TMK No.: (3) 6-8-003: 028

II. FACTS

Project Information:

Project Name:	Kaiaulu O Waikoloa		
Awardee:	A0674 Waikoloa, L.P.* *Name changed from K00674 Waikoloa, L.P.		
TMK and Location:	TMK No.: (3) 6-8-003: 028 68-1850 Pua Melia Street Waikoloa, HI 96738		
Land Tenure:	Fee Simple		
Project Type:	New Building		
Target Population:	Family		
Length of Affordability:	65 Years		
Affordability Restrictions:	12 units @ 30% AMGI 6 units @ 40% AMGI 41 units @ 60% AMGI 1 Manager's unit 60 Total Units		
Projected Unit and Rent Mix:	Units	Unit Type	Rent / Mo.**
	3	2-Bedroom-Unit***	\$1,446
	3	2-Bedroom-Unit***	\$1,446
	1	2-Bedroom-Unit***	\$1,446
	21	2-Bedroom-Unit	\$935
	8	3-Bedroom Unit***	\$1,820
	2	3-Bedroom Unit***	\$1,820
	5	3-Bedroom Unit***	\$1,820
	9	3-Bedroom Unit	\$1,064
	1	4-Bedroom Unit***	\$1,933
	1	4-Bedroom Unit***	\$1,933
	1	4-Bedroom Unit***	\$1,933
	4	4-Bedroom Unit	\$1,170
	1	3-BedroomManager's Unit	N/A
Net of Utility Allowance (If Applicable) * Includes Rent Subsidy			
Estimated Completion:	First Building – June 2022 Last Building – June 2022		

<i>Type of Construction:</i>	New construction of eight (8) 2-story residential buildings with stair access to all floors and one (1) community building.
<i>Amenities and Services:</i>	Project amenities: playground; tot lot; community meeting room; laundry room and bike racks. Unit amenities: range; refrigerator; disposal and dishwasher.
<i>Floor Area</i>	63,135 sq. ft. Residential Area <u>2,500 sq. ft. Common Area</u> 65,635 sq. ft. Total
<i>Developer:</i>	A0674 Waikoloa, L.P. Contact – David H. Bigley 2000 E. 4th Street, Suite 220 Santa Ana, CA 92705 (714) 492-1599
<i>Contractor:</i>	To Be Determined
<i>Property Manager:</i>	ThirtyOne50 Management LLC Contact – Kyle Beach 1325 S. Kihei Road, Suite 204 Kihei, HI 96753 (808) 206-9322

- A. On January 12, 2017, the Hawaii Housing Finance and Development Corporation (HHFDC) Board of Directors approved the following for the benefit of Kaiaulu O Waikoloa (Project):
1. \$12,360,000 intended tax-exempt issuance from the Hula Mae Multi-Family (HMMF) Bond Program (Resolution No. 095);
 2. \$964,554 in annual Federal Low-Income Housing Tax Credits (LIHTC) over a 10-year period and \$964,554 in annual State LIHTC over a five-year period from the non-competitive pool (4% LIHTC); and
 3. A Rental Housing Revolving Fund (RHRF) Project Award for a loan up to \$9,900,000. (NOTE: RHRF was formerly known as the Rental Housing Trust Fund pursuant to Act 237, SLH 2015, effective July 14, 2015.)
- B. On January 11, 2018, the HHFDC Board of Directors approved an extension to Resolution No. 095 to July 31, 2018 from January 31, 2018.
- C. On July 12, 2018^[PEJ1], the HHFDC Board of Directors approved an extension to Resolution No. 095 to July 31, 2019 from July 31, 2018.
- D. On July 11, 2019, the HHFDC Board of Directors approved an extension to Resolution No. 095 to July 31, 2020 from July 31, 2019.
- E. On March 30, 2020, the A0674 Waikoloa L.P. (Awardee) submitted a request for the following:
1. Increase the intended tax-exempt issuance under the HMMF Bond Program to up to \$19,180,800 from \$12,360,00; and
 2. Increase the award of annual Federal 4% LIHTC over a 10-year period to \$1,395,945 from \$964,554 and the award of annual State 4% LIHTC over a 5-year period to \$1,395,945 from \$964,554.

F. Available authority under the HMMF Bond Program as of April 30, 2020, is summarized below:

HMMF Program Bond Authority	\$ 1,500,000,000
Less: Bonds Issued to Date (44)	932,231,111
Less: HMMF Pending Issuance (13)	398,780,271
Uncommitted HMMF Program Bond Authority	\$ 168,988,618

III. DISCUSSION

A. The Project is a proposed 60-unit (includes 1-manager’s unit) affordable rental housing facility targeted for families. Improvements shall consist of nine (9) total buildings comprised of eight (8) two-story buildings and one (1) one-story common building. Seven (7) residential buildings will house eight (8) units and one (1) residential building will house four (4) units.

B. The Awardee is a single-asset, real estate holding company, specifically established to develop, own, and operate the Project. The General Partner of the Awardee is A0674 Waikoloa Holdings LLC. The sole member of A0674 Waikoloa Holdings LLC is Ikaika Ohana, a 501(c)(3) corporation.

1. The managers of A0674 Waikoloa Holdings LLC and the officers of Ikaika Ohana are David Bigley, Doug Bigley and John Bigley. The Bigleys are experienced affordable housing developers. Their most recent projects in Hawaii are the rehabilitation of Kamana Elderly and Riverside Apartments and the new construction of Hale Makana O Nanakuli and Kaiwahine Village projects.
2. The Awardee changed its name from K00674 Waikoloa L.P. which consisted of K00674 Waikoloa Holdings LLC as the General Partner. The members of the A0674 Waikoloa Holdings LLC are the same as K00674 Waikoloa Holdings LLC.

C. The Project was delayed as the Awardee worked with Federal and State government agencies to address new guidance regarding building in the Waikoloa Maneuver Area Formerly Used Defense Site (WMAFUDS). On January 18, 2017, HUD issued HUD Notice SD-2017-01 suspending funding on projects located in the WMAFUDS that have ground disturbing activities until the State of Hawaii Department of Health (DOH) issues a site closure letter or similar documentation indicating the property is safe for residential use.

In March 2019, the DOH prepared the Area Emergency Hazard Management Plan (AEHMP) providing guidance on how to advise the public about the possible presence of unexploded ordnance in the WMA and to present measures the landowner can take that will help mitigate the remaining residual risk relating the unexploded ordnance.

The Awardee coordinated with the Department of the Army, U.S. Army Corps of Engineers to clear the property and issue a Remedial Action Report (RAR). The RAR was issued on April 26, 2019 and was subsequently submitted to DOH.

DOH issued the Conditional No Further Action with Institutional Controls Determination, which was acknowledged by the Awardee on May 3, 2019.

D. The proposed Financing Structure is as follows:

Source	Interim	Permanent
Sponsor Equity	\$ 0	\$ 0
LIHTC Equity	4,171,646	17,413,103
HMMF Bond	18,470,000	5,820,000
RHRF Loan	9,800,000	9,900,000
County of Hawaii – CDBG	800,000	800,000
Ikaika Ohana	512,000	512,000
Deferred Developer Fee	1,356,354	1,074,897
Deferred Developer Overhead/Other	0	0
Other Deferred Costs	410,000	0
Total	\$ 35,520,000	\$ 35,520,000

* The Awardee projects bond issuance of \$18,470,000 compared to authorization of up to \$19,180,800. The \$710,800 excess represents a cushion against budget increases with respect to the 50% Test requirement. To maximize 4% LIHTC eligible basis, tax-exempt proceeds must cover at least 50% of land and depreciable assets.

E. The proposed Project Budget and Use of Funds is as follows:

Budget/Cost Item	Amount	Per Square Foot	%
Acquisition	\$ 1	\$ 0	0.0
Construction – Sitework	7,610,000	115.94	21.43
Construction – Vertical	12,288,233	187.22	34.60
Construction – Contractor Profit	2,671,893	40.71	7.52
Interim & Soft Costs	4,897,487	74.62	13.79
Financing & Syndication Costs	3,255,200	49.60	9.16
Developer’s Fee	1,356,354	20.66	3.82
Developer’s Overhead	0	0	0
Project Reserves	410,000	6.25	1.15
Contingency	3,030,832	46.18	8.53
Total	\$ 35,520,000	\$ 541.18	100%

F. See Exhibit C for comparison tables on project budget and financing changes.

G. \$11,520,000 (48.00%) Project budget increase primarily due to the implementation of the AEHMP to address the possible existence of unexploded ordnance on the site and cost inflation since the original approval.

1. \$5,886,907 increase in Construction Costs.
 - a) Sitework cost increased by \$3,547,236 prompted by an increase of \$1,793,262 due to the implementation of requirements of the AEHMP, \$600,000 for additional open space and \$250,000 for additional sewer work.
 - b) Vertical construction costs increased by \$1,714,966 due to cost inflation.

2. \$2,601,337 increase in Interim and Soft Costs due to increase of \$608,213 for permitting and increase of \$1,747,000 collectively for additional architectural, engineering, supervision, construction management and insurance expense associated in addressing the possible presence of unexploded ordnance on site.
 3. \$1,276,200 increase in financing & syndication costs prompted mainly by \$335,750 increase in construction loan interest due to an increase in the principal amount and \$692,000 in additional bridge loan interest associated with the purchase of the land.
- H. Higher project costs were absorbed by the following:
1. \$3,440,000 increase in Permanent HMMF Bond.
 - a) The addition of 10 units receiving Section 8 vouchers facilitates a higher principal amount.
 - b) The increase in the Interim HMMF Bond amount also helps the Project meet the 50% Test requirement considering the higher project cost.
 2. \$6,080,558 in increase in LIHTC equity.
 3. Addition of \$800,000 in CDBG funds from the County of Hawaii.
 4. Addition of \$512,000 junior loan from Ikaika Ohana.
- I. The Project's estimated construction timeline is as follows:
1. Building Permits – May 2020
 2. Construction Start Date – July 2020
 3. First Building Completion – June 2022
 4. Project Completion (Last Building) – June 2022
- J. The Project requests additional resources outlined in Section II (E) to help cover cost increases detailed in Section III (G).
- K. Staff reviewed the Project's request and recommends approval of the following:
1. Increase the intended tax-exempt issuance from the HMMF Bond Program to up to \$19,180,800 from \$12,360,000.
 2. Increase the award of annual Federal 4% LIHTC over a 10-year period to \$1,395,945 from \$964,554 and the award of annual State 4% LIHTC over a 5-year period to \$1,395,945 from \$964,554.
 3. Subject to the availability of funds.

IV. RECOMMENDATION

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 141 attached as Exhibit G, which amends Resolution No. 095 by increasing the intended tax-exempt issuance for Kaiaulu O Waikoloa Project to up to \$19,180,800 from \$12,360,000:
 1. Subject to provisions and conditions for Exhibit D & F; and
 2. All other terms and conditions of Resolution No. 95 and the intended tax-exempt issuance from the HMMF Bond Program approved by the HHFDC Board of Directors on January 12, 2017, remain the same.
- B. Increase the award of annual Federal 4% LIHTC over a 10-year period to \$1,395,945 from \$964,554 and the award of annual State 4% LIHTC over a 5-year period to \$1,395,945 from \$964,554.
 1. Subject to provisions and conditions for Exhibit E & F and
 2. All other terms and conditions of the Federal and State LIHTC reservation approved by the HHFDC Board of Directors on January 12, 2017 remain the same.
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments:

- Exhibit A – Project Summary
- Exhibit B – Project Location Map and Pictures
- Exhibit C – Budget Comparison
- Exhibit D – Resolution No. 141 Provisions and Conditions (replaces conditions approved on January 12, 2017)
- Exhibit E – Low Income Housing Tax Credit Provisions and Conditions (replaces conditions approved January 12, 2017)
- Exhibit F – Provisions and Conditions applicable to Inducement Resolution Nos. 95 and Low Income Housing Tax Credits (replaces conditions approved January 12, 2017)
- Exhibit G – Resolution No. 141
- Exhibit H – Submittal Form and Requirements for IRS Form 8609 (subject to update and change)

Prepared by: Dean Sakata, Finance Specialist

Reviewed by: Darren K. Ueki, Finance Manager *DU*

PROJECT SUMMARY

HHFDC FINANCING:

LIHTC REQUEST: (per unit)	Federal:	\$1,395,945	State:	\$1,395,945
	(over 10-years)	\$23,660	(over 5-years)	\$23,660

RHRF AWARD:	Up To:	\$9,900,000
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HMMF REQUEST:	Up To:	\$19,180,800
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SITE WORK COST (NEW CONST.):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$7,610,000	\$126,833	\$115.94	Avg.: \$30.01 Low: \$0.00 High: \$78.90-
VERTICAL COST (NEW CONST.):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$12,288,233	\$204,804	\$187.22	Avg.: \$272.23 Low: \$166.60 High: \$418.28
CONTRACTOR PROFIT (NEW CONST.):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$2,671,893	\$44,532	\$40.71	Avg.: \$40.03 Low: \$30.70 High: \$56.73
CONSTRUCTION COST (NEW CONST.):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$22,570,126	\$376,169	\$343.87	Avg.: \$342.27 Low: \$262.82 High: \$477.27

* Cost Average based on 2016 applicant Cost for New Construction.

PROJECT COST:	Total:	\$35,520,000	Per Unit:	\$592,000	PSF:	\$541.17
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FINANCING AND COSTS:

1. HMMF Bonds, LIHTC, and RHRF provide the primary financing support for the Project.
2. \$5,820,000 projected permanent HMMF Bond or senior conventional loan amount (supported by a letter of interest from Hunt Capital Partners LLC.).
 - a. Awardee anticipates coverage of no less than 1.24x over a 35-year amortization period at 4.60%.
 - b. Breakeven (1.00x DSR) prompted by: (i) increase in interest rate to 6.382%; (ii) increase in vacancy to 13.742%; or (iii) decrease in average rents to \$1,186 from \$1,307 per unit.
 - c. Loss of Section 8 project based rent subsidy prompts downside breakeven. (0.45x DSR)
3. Recommended award of \$1,395,945 in Federal LIHTC over 10-years and \$1,395,945 over 5-years in State LIHTC.

- a. Awardee projects a blended investment rate of about \$0.83/LIHTC (supported by a letter of interest from Hunt Capital Partners LLC).
 - b. Anticipated eligible basis of \$34,416,800 and an applicable percentage of 3.12% supports the recommended LIHTC amounts.
 - c. The projected layering gap of \$17,413,103 supports the recommended LIHTC amount based on the projected investment rate.
4. \$9,900,000 RHRF Loan to support construction and permanent financing.
 - a. The RHRF Loan is projected to be paid-off in year 49; based on annual repayment of 80% of available cash flow after senior debt service at a rate of 0.25%.
 5. The County of Hawaii awarded the Project \$800,000 of CDBG funds to support construction and permanent financing.
 6. \$512,000 junior loan from the Ikaika Ohana to support construction and permanent financing.
 7. The County of Hawaii awarded project based Section 8 vouchers for 25-units. The Section 8 vouchers will provide a rent subsidy to the Project.
 8. Construction Costs are in-line with the 2016 applicant average for new construction.
 - a. Project construction cost of \$343.87 psf vs. the average 2016 Awardee cost for new construction of \$342.27 psf.
 - i. Anticipated contractor's profit, overhead, and general requirements is 13.43% of hard construction costs, is below the 14.00% HUD Ceiling Standard.
 - b. \$3,030,832 contingency is 13.43% of construction costs and 8.53% of total development costs (less acquisition costs).
 - i. Awardee is deferring all Developer Fees during construction. Correspondingly, Developer Fees does not supplement contingency.
 - ii. Contingency can absorb a construction cost increase up to \$390.05 psf.

DEMAND:

1. Market Study submitted in the application indicates satisfactory demand for the project.

FEASIBILITY:

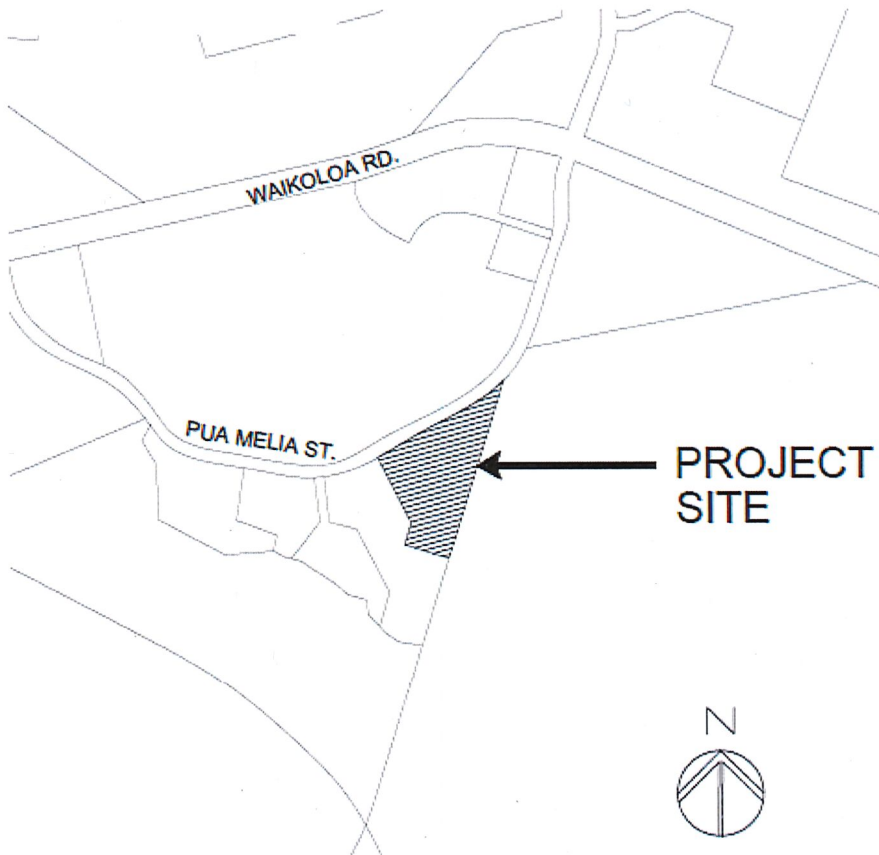
1. Project is feasible and the assumptions are reasonable.

EXHIBIT A

PROJECT MAP & PICTURES:

Kaiaulu O Waikoloa
68-1850 Pua Melia Street
Waikoloa, HI 96738
TMK No.: (3) 6-8-003: 028

Kaiaulu O Waikoloa



Kaiaulu O Waikoloa			
DEVELOPMENT BUDGET			
Total Development Costs - Line Item	Approved	Revised	Difference
Acquisition	15,001	1	(15,000)
Construction - Site Work	4,062,764	7,610,000	3,547,236
Construction - Vertical	10,573,267	12,288,233	1,714,966
Construction - Contractor Profit	2,047,188	2,671,893	624,705
Interim & Soft Costs	2,296,150	4,897,487	2,601,337
Financing & Syndication Costs	1,979,000	3,255,200	1,276,200
Developer's Fee	1,356,354	1,356,354	-
Developer's Overhead and Other	-	-	-
Project Reserves	246,000	410,000	164,000
Contingency	1,424,276	3,030,832	1,606,556
TOTAL	24,000,000	35,520,000	11,520,000
Development Per Unit - Line Item	Approved	Revised	Difference
Units:	60	60	
Acquisition	250	-	(250)
Construction - Site Work	67,713	126,833	59,120
Construction - Vertical	176,221	204,804	28,583
Construction - Contractor Profit	34,120	44,532	10,412
Interim & Soft Costs	38,269	81,625	43,356
Financing & Syndication Costs	32,983	54,253	21,270
Developer's Fee	22,606	22,606	-
Developer's Overhead and Other	-	-	-
Project Reserves	4,100	6,833	2,733
Contingency	23,738	50,514	26,776
TOTAL	400,000	592,000	192,000
Development Per Sq. Ft. - Line Item	Approved	Revised	Difference
Sq. Ft.:	63,464	65,635	
Acquisition	0.24	-	(0.24)
Construction - Site Work	64.02	115.94	51.92
Construction - Vertical	166.60	187.22	20.62
Construction - Contractor Profit	32.26	40.71	8.45
Interim & Soft Costs	36.18	74.62	38.44
Financing & Syndication Costs	31.18	49.60	18.42
Developer's Fee	21.37	20.67	(0.70)
Developer's Overhead and Other	-	-	-
Project Reserves	3.88	6.25	2.37
Contingency	22.44	46.18	23.74
TOTAL	378.17	541.19	163.02

FINANCING STRUCTURE			
Interim - Line Item	Approved	Revised	Difference
Sponsor Equity	-	-	-
LIHTC Equity	237,646	4,171,646	3,934,000
HMMF Bond/Sr. Construction Loan	12,360,000	18,470,000	6,110,000
RHTF Loan	9,800,000	9,800,000	-
County of Hawaii - CDBG	-	800,000	800,000
Ikaika Ohana	-	512,000	512,000
Deferred Developer Fee	1,356,354	1,356,354	-
Deferred Developer Overhead/Other	-	-	-
Other Deferred Costs	246,000	410,000	164,000
TOTAL	24,000,000	35,520,000	11,520,000
Permanent - Line Item	Approved	Revised	Difference
Sponsor Equity	-	-	-
LIHTC Equity	11,332,545	17,413,103	6,080,558
HMMF Bond/Sr. Permanent Loan	2,380,000	5,820,000	3,440,000
RHTF Loan	9,900,000	9,900,000	-
County of Hawaii - CDBG	387,455	800,000	412,545
Ikaika Ohana	-	512,000	512,000
Deferred Developer Fee	-	1,074,897	1,074,897
Deferred Developer Overhead/Other	-	-	-
Other Deferred Costs	-	-	-
TOTAL	24,000,000	35,520,000	11,520,000

EXHIBIT C

INDUCEMENT RESOLUTION NOS. 095 AND 141 PROVISIONS AND CONDITIONS
(Replaces Provisions and Conditions Approved on January 12, 2017)

The recommendation to adopt Resolution No. 141 is subject to the following provisions:

1. The awardee is responsible for all legal fees and expenses incurred by HHFDC from the issuance of this Inducement Resolution and the subsequent issuance of Hula Mae Multi-Family bonds when approved and all legal fees and expenses shall be due and payable at the time of closing of the Hula Mae Multi-Family Bonds. If the Hula Mae Multi-Family Bonds do not close, the awardee shall reimburse HHFDC for all legal fees and expenses incurred on behalf of this transaction.
2. Issuance of the Hula Mae Multi-Family Bonds shall occur by July 31, 2020.
3. The owner shall commit the project and the land underlying the project to the requirements of: (i) Sections 141 through 147 of the Internal Revenue Code and (ii) HHFDC's Hula Mae Multi-Family Bond program. If the fee simple land owner is different from the project owner, both the project owner and the fee simple land owner (except for federal, state, or county government agencies) shall commit their respective interests in the project and the land underlying the project to the requirements of: (i) Sections 141 through 147 of the Internal Revenue Code and (ii) HHFDC's Hula Mae Multi-Family Bond program. The project owner and the fee simple land owner, as applicable, shall execute and record a Regulatory Agreement and Declaration of Restrictive Covenants for the Hula Mae Multi-Family Bond program, reflecting the Internal Revenue Code and program commitments.
4. Approval of project budget, project schedule, and construction cash flow prior to the issuance of bonds.

LOW INCOME HOUSING TAX CREDIT PROVISIONS AND CONDITIONS
(Replaces Provisions and Conditions Approved on January 12, 2017)

The Recommendation to reserve Low Income Housing Tax Credits is subject to the following provisions:

1. The issuance of Tax-Exempt Private Activity Bonds in an amount that will justify the LIHTC allocation.
2. Owner agrees to comply with all other terms and conditions established for the LIHTC program by Section 42 of the Internal Revenue Code and HHFDC.
3. Owner shall provide the HHFDC with a written certification as to any self-dealings, related parties, or identity of interest prior to issuance of a binding commitment for LIHTC and upon application for issuance of IRS Form 8609.
4. Prior to the issuance of bonds, the Awardee must submit an opinion from its tax counsel confirming that the redemption of a portion of the project's tax-exempt financing any time after the date on which the project is placed in service for purposes under Section 42 of the Internal Revenue Code, will not, in and of itself, result in a determination that the project was not financed with tax-exempt bonds pursuant to Section 42(h)(4)(B) of the Internal Revenue Code.
5. The owner shall submit a good faith deposit with HHFDC in an amount equal to 10% of the annual federal tax credit allocation. HHFDC shall receive the good faith deposit no later than 4:00 PM HST on June 30, 2020.
6. The owner agrees to waive its rights to request a Qualified Contract under Section 42(h)(6) of the Internal Revenue Code, as elected, indicated, and certified in its Consolidated Applications dated June 15, 2016 and March 30, 2020.
7. The owner agrees to submit the information and documents contained in HHFDC's Request for IRS Form 8609 Issuance, (see Exhibit I), and any other information and documents that may be required for the issuance of IRS Form 8609. Please note that the Request for IRS Form 8609 Issuance is subject to updates.
8. The owner shall commit the project and the land underlying the project to the requirements of: (i) Section 42 of the Internal Revenue Code and (ii) HHFDC's LIHTC program. If the fee simple land owner is different from the project owner, both the project owner and the fee simple land owner (except for federal, state, or county government agencies) shall commit their respective interests in the project and the land underlying the project to the requirements of: (i) Section 42 of the Internal Revenue Code and (ii) HHFDC's LIHTC program. The project owner and the fee simple land owner, as applicable, shall execute and record a Declaration of Restrictive Covenants for LIHTC, reflecting the Internal Revenue Code and program commitments.
9. Prior to the allocation of LIHTC and issuance of IRS Form 8609, HHFDC shall determine if the project still warrants the recommend LIHTC amount. HHFDC reserves the right to reduce the recommended LIHTC amount based on various items, including, but not limited to, lower development costs, additional funding sources, or better financing terms.

(Continued on following page)

EXHIBIT E

10. The owner shall fund a Replacement Reserve account in an amount satisfactory to the HHFDC. The Replacement Reserve shall be under the control of HHFDC for the benefit of the project/owner(s). HHFDC may agree to subordinate the requirement if the Replacement Reserve account is under the control of the Permanent Lender.
11. The reservation of LIHTC does not constitute an allocation of Low Income Housing Tax Credits.

EXHIBIT E

PROVISIONS AND CONDITIONS APPLICABLE TO BOTH INDUCEMENT RESOLUTION
NOS. 095 AND 141 AND LOW INCOME HOUSING TAX CREDITS
(Replaces Provisions and Conditions Approved on January 12, 2017)

The following general provisions apply to both the adoption of Resolution Nos. 095 and 141 and the reservation of Low Income Housing Tax Credits:

1. Any change in the ownership structure of the project is subject to HHFDC approval.
2. Owner agrees to and shall defend and indemnify the HHFDC from all litigation that may arise out of its participation in this project. The owner shall pay all fees and costs incurred by HHFDC arising out of any litigation.
3. Owner must have fee simple or leasehold (corresponding to the HHFDC Board approval) ownership of the project site that adequately satisfies the approved affordability commitments of the project.
4. Owner shall consult with HHFDC and receive prior written approval from the Executive Director or a designated representative in order to make any changes to the project or application as proposed.
5. The owner shall comply with the requirements of all municipal, state, and federal authorities and observe all municipal, state, and federal laws including but not limited to:
 - a. The Fair Housing Act;
 - b. Chapter 343, Hawaii Revised Statutes (“HRS”), relating to environmental impact statements;
 - c. Chapter 103-50, HRS, relating to accessibility requirements;
 - d. Chapter 103D, HRS, relating to the Hawaii Public Procurement Code; and
 - e. Chapter 104, HRS, relating to wage and hour requirements applicable to the project and the use of State Funds.
6. The State of Hawaii’s Disability and Communication Access Board (DCAB) shall review the project’s final plans and specifications and HHFDC shall receive DCAB’s “Final Document Review Letter” indicating that the documents appear to meet the requirements of the Uniform Federal Accessibility Standards (UFAS) or the American Disability Act Accessibility Guidelines (ADAAG) prior to the commencement of construction.
7. Owner shall ensure that HHFDC receives the final as-built drawings and specifications for the project.
8. The owner agrees to provide a written quarterly status report as to the progress of the project during predevelopment, construction, and lease-up. The quarterly status report is due on the last working day of March, June, September, and December.
9. Total fees paid to the Developer, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, for the project shall not exceed \$1,356,354.
10. The owner shall not pay or disburse Developer Fees until satisfactory project completion. The owner agrees that the Developers Fees shall be made available as contingency until satisfactory project completion, should the need arise.

EXHIBIT F

11. The owner is responsible for payment of all Compliance Monitoring fees.
12. Owner agrees to provide HHFDC with an independent annual financial and compliance audit in addition to all other documents that may be required under the LIHTC program. Such audit shall include an accounting of the Replacement Reserve and Residual Receipt accounts.
13. The owner agrees to comply with any other terms and conditions that the Executive Director or a designated representative may require.
14. The owner agrees and acknowledges that the reservation of LIHTCs and the adoption of Inducement Resolution Nos. 095 and 141 is not an endorsement of the project by the State and that the allocation should not be used as an inducement in seeking other required regulatory approvals.

EXHIBIT F

RESOLUTION NO. 141

RESOLUTION AMENDING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION'S OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO UNDERTAKE THE FINANCING OF THE KAIAULU O WAIKOLOA HOUSING PROJECT

WHEREAS, Part III of Chapter 39 and Part III of Chapter 201H, Hawaii Revised Statutes, as amended (collectively, the "Act"), authorize the Hawaii Housing Finance and Development Corporation (the "Corporation") to issue bonds to provide moneys to make mortgage loans to assist in developing, constructing, and providing housing for persons of low and moderate income;

WHEREAS, A0674 Waikoloa, L.P. (formerly, K00674 Waikoloa, L.P., the "Borrower"), has requested that the Corporation issue and sell multi-family housing revenue bonds (the "Bonds") pursuant to the Act for the purpose of financing the development and construction of a multifamily residential development commonly known as Kaiaulu O Waikoloa located on approximately 4.6 acres in the County of Hawaii (the "Project");

WHEREAS, on January 12, 2017, the Corporation adopted Resolution No. 095 declaring its intention to authorize the issuance of Bonds for the purpose of financing costs of the Project (including reimbursement of the Reimbursement Expenditures as defined therein), when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Corporation, the Borrower and the purchaser of Bond in an aggregate principal amount not to exceed Twelve Million Three Hundred Sixty Thousand Dollars (\$12,360,000);

WHEREAS, on March 30, 2020, the Borrower requested that the Corporation increase the intended issuance amount of the Bonds to an aggregate principal amount not to exceed Nineteen Million One Hundred Eighty Thousand Eight Hundred Dollars (\$19,180,800);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hawaii Housing Finance and Development Corporation, as follows:

Section 1. The Board of Directors finds and determines that the foregoing recitals are true and correct.

Section 2. The sole purpose of this resolution is to amend Resolution No. 095 to increase the intended issuance amount of the Bonds described in Resolution No. 095 to \$19,180,800 from \$12,360,000.

Section 3. All other terms and conditions of Resolution No. 095 remain unchanged and in compliance with §1.150-2 of the United States Treasury Regulations. This resolution does not bind the Corporation to make any expenditure, to issue Bonds or otherwise to incur any debt or proceed with the Project.

Section 4. This resolution shall take immediate effect from and after its adoption.

EXHIBIT G

The Undersigned hereby certify that the foregoing Resolution was duly adopted by the Directors of the Hawaii Housing Finance and Development Corporation on May 14, 2020.

LEILANI PULMANO, Chair

DONN MENDE, Vice Chair

RONA FUKUMOTO, Secretary

GARY MACKLER, Director

MELVIN KAHELE, Director

GEORGE ATTA, Director

CRAIG K. HIRAI, Director

MIKE MCCARTNEY, Director

SARA LIN, Director

Hawaii Housing Finance and Development Corporation
Request for IRS Form 8609 Issuance

Once the project has been Placed-In-Service the Hawaii Housing Finance and Development Corporation can begin the final review process for issuing IRS Form(s) 8609. Please complete this form and submit all required documents listed below to the HHFDC to start the review process.

Requirements are subject to change. Please contact the Finance Branch prior to submitting the request for issuance of IRS Form 8609.

Project Name:	
Owner Name:	
General Partner / Managing Member:	
Owner Contact: <i>(Include Address, Phone #, and email address)</i>	

	Federal	State
LIHTC Awarded: (Year) Amount		
LIHTC Allocation Request*:		

* Enter the Owner’s requested amount of LIHTC for allocation on IRS Form 8609. The request LIHTC amount must be equal to or less than the amount awarded.

☐ Competitive

☐ Non-Competitive

☐ Acquisition and Rehabilitation

☐ Rehabilitation Only

Non-Profit Set-Aside? ☐ Yes ☐ No

Project and LIHTC Breakdown:	
1. <input type="checkbox"/>	Complete Table A on the last page

General Requirements:	
1. <input type="checkbox"/>	Written request from owner for issuance of the IRS Form 8609's. Include current project status including occupancy information and any work outstanding.
2. <input type="checkbox"/>	Written request from owner requesting refund of the Good Faith Deposit.
3. <input type="checkbox"/>	Proof of Placed in Service Date: (Provide all that apply) <div>a. <input type="checkbox"/> Certificate(s) of Occupancy</div> <div>b. <input type="checkbox"/> Proof of Bond Issuance Date</div> <div>c. <input type="checkbox"/> Notice of Substantial Completion (Rehabilitation Projects Only)</div> <div>d. <input type="checkbox"/> Proof of Acquisition Date (Acquisition and Rehabilitation Projects Only)</div> <div>e. <input type="checkbox"/> Affidavit of Publication – Notice of Completion</div>

General Requirements:	
4. <input type="checkbox"/>	<p><u>New Construction:</u> Submit a certification for establishment of a lottery system. The certification shall include when and where the lottery was held, and a copy of the subsequent wait list for project lease-up.</p> <p><u>Rehabilitation:</u> Submit a letter confirming the following:</p> <ol style="list-style-type: none">1. Number of tenants displaced during the rehabilitation.2. Duration of tenant displacement.3. Options that the tenants were offered during the time that their units were being rehabilitated (temporarily move to a new unit, temporarily move to a living facility nearby, etc.)4. Status of the tenants after the rehabilitation was completed (did the tenants move back, move out of the project prior to rehabilitation, etc.) - this is in general terms, do not need details of each tenant; for example, "Every tenant returned to their unit after the rehabilitation was complete. One tenant moved out of the property at the beginning of the rehabilitation period."5. Any other information that pertains to the displacement or non-displacement of the tenants.
5. <input type="checkbox"/>	One full set of "as built" drawings and final specifications certified by Owner's architect.
6. <input type="checkbox"/>	Site map showing building addresses, numbers or letters (identifiers) and the number of units in each building.
7. <input type="checkbox"/>	<p>Final Review Letter from Disability and Communication Access Board.</p> <ol style="list-style-type: none">a. If there has been any change orders or revisions to the DCAB approved plans, submit a Certification from the Architect and the Project Owner that all change orders and revisions to the plans and specifications made after the date of the issuance of the Final Review Letter were submitted to and approved by the Disability and Communications Access Board.
8. <input type="checkbox"/>	<p>Final Project Cost Certification audited by a Certified Public Accountant. The cost certification must include, at minimum, the following:</p> <ol style="list-style-type: none">a. <input type="checkbox"/> Total Project Cost Detail by Line Item based on Exhibit B of HHFDC's Consolidated Applicationb. <input type="checkbox"/> Eligible Basis Detail by Line Item based on Exhibit B of HHFDC's Consolidated Applicationc. <input type="checkbox"/> Interim Financing Sources Scheduled. <input type="checkbox"/> Permanent Financing Sources Schedulee. <input type="checkbox"/> Reconciliation of Interim Sources, Permanent Sources and Total Project Costsf. <input type="checkbox"/> Calculation of eligible LIHTC by building and in project aggregate. Include reconciliation of eligible LIHTC with LIHTC Allocation Request.g. <input type="checkbox"/> Tax-Exempt Bond Projects: Proof of compliance with 50% Testh. <input type="checkbox"/> Rehabilitation Projects:<ol style="list-style-type: none">i. Certification that the project met the minimum expenditure requirement of IRC Section 42(3)(A).ii. Identify the 24-month period allowed under IRC Section 42(3)(A) for aggregating rehabilitation expenditures.

EXHIBIT H

General Requirements:	
	iii. Certification of the rehabilitation placed-in service date. HHFDC shall use this date on the Rehabilitation Form 8609.
9. <input type="checkbox"/>	Updated project proforma. Include breakdown of current and projected rents, operating expenses and debt service.
10. <input type="checkbox"/>	Final Budget Modification (to Application)
11. <input type="checkbox"/>	Copy of all executed permanent financing documents (list): 1. 2. 3.
12. <input type="checkbox"/>	Amended and Restated Partnership Agreement, setting forth such terms as the sales price, equity contribution, distributions, and all other significant terms and conditions.
13. <input type="checkbox"/>	Federal & State Tax Clearance Certificate or Vendor Compliance Certificate. a. <input type="checkbox"/> Owner b. <input type="checkbox"/> General Partner / Managing Member c. <input type="checkbox"/> Other
14. <input type="checkbox"/>	Certificate of Good Standing (State of HI) or Vendor Compliance Certificate. a. <input type="checkbox"/> Owner b. <input type="checkbox"/> General Partner / Managing Member c. <input type="checkbox"/> Other
15. <input type="checkbox"/>	DLIR Form 27 for the Owner or Vendor Compliance Certificate
16. <input type="checkbox"/>	Corporate Resolution from General Partner / Managing Member
17. <input type="checkbox"/>	Written Certification as to any self-dealings, related parties, or identity of interest
18. <input type="checkbox"/>	Pictures of completed project.
19. <input type="checkbox"/>	Declaration of Restrictive Covenants for Low Income Housing Tax Credits. (Final Draft)
20. <input type="checkbox"/>	Certification from the appropriate regulating entity for the green building standard elected in the Project's consolidated application and scored upon by HHFDC. If the Project only elected solar water heating, architect and contractor certification of the installation and current operation of the solar water heating system
21. <input type="checkbox"/>	Copy of Owner's Letterhead to request a Vendor Number. Applicable only to projects where the return of 40% of the Good Faith Deposit is the first disbursement to the owner from HHFDC.
22. <input type="checkbox"/>	Lessor's Estoppel Certificate (leasehold property)
23. <input type="checkbox"/>	Lessor's Consent to Declaration of Restrictive Covenants for Low Income Housing Tax Credits (leasehold property)
24. <input type="checkbox"/>	RHRF Projects – Executed Collateral Assignment of Management Contract.
25. <input type="checkbox"/>	Current preliminary title search.

EXHIBIT H

General Requirements:	
26. <input type="checkbox"/>	Property Manager Contact Information: a. Name of Property Manager b. Property Management Company c. Address d. Phone Number e. Email Address
27. <input type="checkbox"/>	State Wage and Hour Requirement - Final Clearance. Finance Staff will confirm final clearance through the Development Branch.

Project Specific Requirements:	
1. <input type="checkbox"/>	

TABLE A

Building	1	2	3	4	TOTAL
Building Identification Number					
Building Address					
TMK Number					
Type of Building (new const, rehab, acq)					
Square Footage					
Square Footage - % of Total					Square Footage - % of Total
LIHTC Reservation					Total LIHTC Reservation
Eligible Basis					Total Eligible Basis
Placed in Service - Acquisition					
Placed in Service - New Construction / Rehabilitation					

Taxpayer I.D. No.: _____

By: _____

Its: _____

Date: _____